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Review of Creditworthy: A History of Consumer Surveillance and Financial Identity in America

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Review of Lauer, Josh. *Creditworthy: A History of Consumer Surveillance and Financial Identity in America*. New York: Columbia University Press, 2017.

By Lynne P. Doti

Creditworthy is an accessible history of consumer credit reporting. While there are still no comprehensive recent studies, this book fills many gaps and tells a story. Lauer's description of the history of consumer credit portrays a continual evolution toward "textualizing," as in "while personal encounters remained an essential mode of credit evaluation during much of the twentieth century, the information recorded during these interactions—along with ledger reports, public records, and newspaper clippings compiled by credit bureaus—all served to textualize (and thereby depersonalize) credit relationships." (112).

Lauer says that, until the Civil War, consumer credit was offered on the basis of each merchant's personal knowledge of the customer. When population movements made personal knowledge difficult, third-party credit bureaus began to gather the same type of information individual merchants used: payment history, ability to pay and personal situations that might affect their willingness to pay. Credit bureaus solicited this information from merchants and also paid individual reporters, who collected news clippings and gossip. By the late 1880s, large dry-goods stores, installment and mail order businesses began to have in-house credit specialists.

Record-keeping methods changed after 1900 for all businesses. Lauer suggests that a new emphasis on forms and file cards favored collection of quantitative information. Gossip and newspaper clippings were harder to store on a customer's file card, but this information was still considered important to the likelihood of paying bills, and was summed up in a rating.

Consumer awareness of credit ratings increased in the 1950s as they bought homes, cars and appliances on credit. An alarming article in 1953 in *Life* magazine compared credit bureaus to "branches of the FBI" in their collection of information. The advent of the computer in the 1960s brought further quantification as the information on the cards had to be translated into machine language. However, "character," including information on health, lifestyle, and personal habits, was still important. Consumer protection laws in the 1970s also contributed to the use of statistical analysis of risk instead of personal judgement.

In the 1980s, computerized credit bureaus merged and acquired smaller firms until three firms, now labeled "consumer data brokers," dominated the industry. A FICO score, one three-digit number, became the universal standard of credit after it was developed in 1989. While this seems to be the ultimate result of the "textualization" Lauer tracks, he goes on to describe a final development in the 1990s. It was the

collection of so much data that sellers now know the tastes and preferences of individuals.

Credit reporting is repeatedly described in this book, as “bureaucratic,” and using “surveillance” of people in an attempt to “textualize” them. These words sound very negative, while I think the author would agree that credit reports today are a triumph over the judgements based on “character” that prevailed not so long ago, which were so often tainted with prejudice.